PGIM FIXED INCOME

The Nexus of Labor Supply and Fed Policy

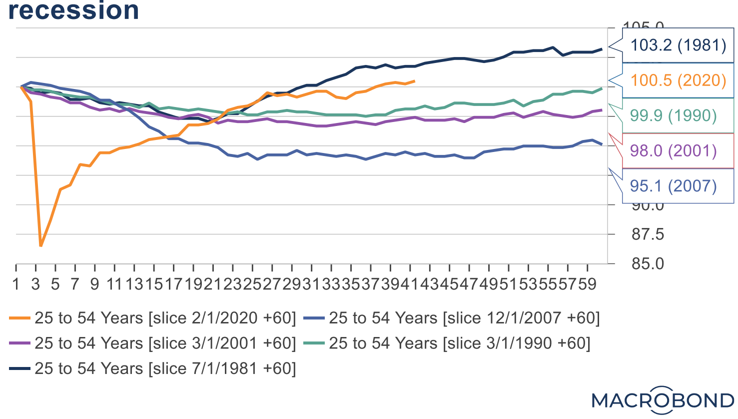
WEEKLY VIEW FROM THE DESK | July 24, 2023

QUICK LINK TO THE RETURNS TABLE

MACRO

- Most of the macro scenarios that we outlined in our Q3 Outlook see U.S. inflation dropping to less than 3% over the next 12 months, with a significant contribution likely coming from improved balance in the labor market. While labor demand is understandably moderating as monetary conditions tighten, the supply side is seeing sizable gains from a sharp rebound in immigration, a historic recovery in prime age participation rates, and the return of older workers to the labor force.
- Rising real wages as inflation moderates should incentivize additional workers to enter the labor force, particularly as households exhaust their pandemic-related excess savings, potentially by the end of the year. The market's rebalancing should continue through the end of the year with supply posting monthly gains in the 200-300k range, while the demand side (payroll growth) moderates to the 100-200k range by Q4.
- Although the immigrant labor force plummeted at the outset of the pandemic, it has subsequently surpassed the 2010-2017 trend to reach about 31 million with an unemployment rate of 3.3%, less than the broader unemployment reading of 3.9%. The contribution from immigration partly explains why the prime age employment-to-population ratio has recovered at a historic pace (see chart).

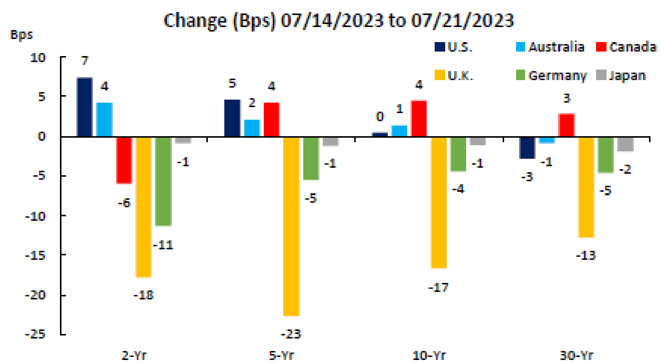
Prime age employment-population ratio at start of recession



- With companies continuing to report Q2 results, our credit analysts provided an update on the generally healthy prospects for revenues and earnings. When asked whether they see a sharp decline in revenue in the next six months, only 17% said "Yes" from sectors including IG metals & mining, IG paper & packaging, IG consumer durables, tech hardware, and railroads. When asked the same question about a potential decline in profits over the next six month, only 21% responded "Yes."

DEVELOPED MARKET RATES

- Amid the prospects for moderating U.S. inflation, we continue to expect that the Fed funds target will reach a peak of 5.5% this week, which is roughly 3 percentage points above the Fed's estimate for the neutral rate. Therefore, with inflation conceivably approaching a comfort zone and growth potentially moderating, the Fed may have cause to implement 50-75 bps of rate cuts starting in Q4 and extending into Q1 2024. With those potential "fine tuning" cuts, a Fed funds target of 4.75% would remain in restrictive territory based on the Fed's estimate of the neutral rate, and it would also remain above what the market is pricing in going forward.
- Inflation also seems to be coming off the boil globally as UK data came in better-than-expected last week, with the front of the Gilts curve rallying (see chart). As a result, market pricing for BoE rate moves (i.e., one-month SONIA futures) declined from a recent peak of nearly 6.5% to less than 6.0% late last week. Similarly, market pricing for ECB rate moves (i.e., EUR rate futures) declined from a recent peak of more than 4.0% to less than 4.0% late last week.



Source: PGIM Fixed Income

- While we expect that the ECB will raise its deposit rate by 25 bps to 3.75% this week, recent comments from the ECB on the back of cooperative economic data have contributed to the repricing of market expectations as described above. With ample time before the September meeting, we expect that the ECB's messaging will maintain a hawkish or neutral tone.

IG CORPORATES

- U.S. IG spreads tightened last week with financials (-4 bps) and BBBs (-3) outperforming, while industrials and high-quality underperformed. Financials' outperformance emerged even as three large money center banks issued $21B out of the $30B that priced last week. The bank paper priced with narrow concessions of 4-7 bps, which they recaptured in the secondary market, and drove a broader rally amongst regional banks as well.
- As companies continue to report results, the state of wage pressures will be a topic of interest for many, particularly amid recent contract negotiations in the airline, aerospace parts, and railroad industries as well as those that remain up in the air in the auto, shipping (UPS), and

entertainment industries. That said, in the U.S., nearly 70% of our credit analysts indicate unchanged or improving wage conditions. The picture is materially worse in Europe as nearly 70% see wage pressures getting worse.

- European IG spreads were flat last week as they received some support from the better-than-expected UK inflation print. UK banks outperformed with their senior curves tightening by 5-10 bps vs. 3 bps of tightening for the broader bank sector. Technicals also assisted with only €4.5B of corporate supply pricing, likely a precursor for subdued activity.

HIGH YIELD

- High yield bond spreads tightened last week, remaining at lows not seen since April 2022 as high yield bond mutual funds posted a large weekly inflow and issuance remained relatively muted. Returns across credit tiers were mixed, with CCCs outperforming. By sector, capital goods (+0.44%), financials (+0.39%), and cable (+0.35%) were among the outperformers.
- High yield bond funds reported inflows of $2.2B for the week ended Wednesday, with ETFs accounting for most of the inflows. This brings YTD fund flows to -$8.9B. A total of $2.8B of new issuance priced last week across six issuers, the largest of which was a $750M deal for Coty. We expect new issuance to remain somewhat light for the remainder of the summer, which should support the market in the near-term.
- At our most recent leveraged finance roundtable, we raised our short-term (1-2 quarters) outlook on U.S. homebuilders as the sector is benefiting from strong demand and reduced existing home sales. We are more cautious on the sector longer term as we expect, at some point, the impact of higher interest rates will lead to a slowdown in new home sales. While we also upgraded our short-term outlook on U.S. building materials, we are somewhat more cautious on the sector given our expectation for a decline in repair and remodel activity. We lowered our short-term outlook on chemicals amid weak demand, aggressive destocking, and a slower-than-expected China recovery.
- U.S. loans continued to gain amid a more balanced fund flow picture as loan funds posted an inflow of $235M. While the new issue calendar was busy, issuance remains heavily skewed to amend & extends and refinancing activity. In all, 14 deals launched last week for $15.5B. Of those that priced, most flexed tighter during syndication and none flexed wider as demand for new issues remains strong.
- In Europe, high yield bond spreads widened modestly, and loan spreads tightened. Primary issuance in high yield was muted, with just two deals pricing ahead of what we expect will be a lull in issuance through the remainder of the summer. In loans, primary issuance remains dominated by amend & extends and a few small add-ons. A €104M BWIC cleared at strong levels as CLO rampers try to price deals ahead of the summer slowdown.

EMERGING MARKETS

- The timing and success of the China stimulus program will be a large determinant of how EM performs in Q3 and, while the mid-year Politburo meeting delivered no big stimulus announcement, there was an acknowledgement that local governments are in stress, and we will be watching to data in the coming months to determine whether infrastructure investment picks up.
- Emerging market hard currency spreads held up last week, but select CCC and distressed sovereign issuers were wider. EM hard currency retail funds saw a small inflow—the first weekly inflow in over 20 weeks. Pemex was wider last week, still impacted by the effects of a fire on one of its offshore platforms two weeks ago and a subsequent downgrade by Fitch to B- from BB-. We continue to believe that the Mexican government will support Pemex, if not explicitly, at least implicitly.
- In the absence of any major data in the U.S., last week was a relatively quiet week in local rates. The Turkish central bank once again disappointed the market by hiking 250 bps to 17.5% versus an expected 350 bps. The GBI-EM Turkey sub-index yield was 86 bps higher week-over-week. This week's FOMC meeting will provide some direction to EM rates, while upcoming central bank meetings in Chile and Brazil, where rate cuts are expected, will be watched closely.
- EMFX lagged last week as the U.S. dollar reversed some of the prior week's selloff. Those currencies that outperformed the week prior were among the bottom performers last week, with the Hungarian forint, Czech koruna, Korean won, and Mexican peso among the most notables. The Chinese yuan ended the week lower by 60 bps versus the U.S. dollar. However, we did see official pushback on the weakness via a very strong fixing on July 20th. The Turkish lira was the worst performing currency last week.

SECURITIZED PRODUCTS

- In CMBS, U.S. 10-year conduit spreads were 5 bps tighter and narrowed the basis vs. corporates to +25 bps. We continue to recommend staying at the top of the capital structure as CRE fundamentals have deteriorated, putting significant pressure of both downgrade risk and possible principal loss on mezzanine classes. RMBS spreads were tightener across the sector last week, notably CRT spreads rallied 10-40 bps, bringing them to their tightest levels since March 2022.
- CLO benchmark spreads were unchanged at ~3M SOFR+175/260/300/525/840 for AAA/AA/A/BBB/BB, respectively. Secondary spreads have tightened meaningfully in recent weeks, as primary spreads have largely been unchanged. The basis between benchmark/non-benchmark issuers, while historically wide, has compressed as non-benchmark managers have moved marginally tighter (~10bps to 3M SOFR+210 at the wide end). We believe primary spreads will be generally rangebound in the intermediate term as persistent issuance will stymie any material spread tightening. In Europe, we believe issuance will accelerate in the coming weeks, to be in line with 2023 averages. However, we remain guarded when engaging at the AAA level and believe senior mezzanine tranches offer strong relative value.
- ABS spreads tightened by 5-10 bps as technicals remain strong. Levels for senior credit cards, prime auto, and 1st tier unsecured consumer are T+60, T+70, and T+155 bps, respectively. BB non-prime consumer is T+600-700 bps. We expect the continuance of lower supply to be supportive of spreads in the near-term. Longer term, we find ABS to have modest relative value for select issuers/sectors, though expect consumer credit performance and originator business models to remain challenged.

MUNICIPAL BONDS

- The muni sector received $1B of inflows last week (the highest since January), which brought the YTD outflows to $7.3B. Issuance appears manageable, and the technical should remain supportive through August as it's typically a period of heavy reinvestment/lower issuance.
- Weekly outperformance of munis relative to rates continued to drive muni/Treasury yield ratios to even more expensive levels. Therefore, we continue to add interest rate risk and credit risk (where possible), while keeping our aggregate risk profile relatively conservative.

THE RETURNS TABLE As of July 21, 2023

				Yield/ OAS Change (BPS)				Total Return (%)			
Sovereign Rates	**Duration**	**YTM**	**OAS**	**WTD**	**QTD**	**YTD**	**Prior Year**	**WTD**	**QTD**	**YTD**	**Prior Year**
U.S. 2-Year	1.8	4.84	---	21	-6	41	161	-0.32	0.30	0.81	-0.01
U.S. 5-Year	4.4	4.10	---	15	-5	10	94	-0.62	0.34	0.97	-1.45
U.S. 10-Year	8.2	3.84	---	9	1	-2	83	-0.64	-0.10	1.61	-3.70
U.S. 10-Year Breakeven	--	2.32	---	8	8	2	-7	---	---	---	---
U.S. 10-Year TIPS	4.6	1.55	---	1	-7	-3	90	-0.10	0.62	2.85	-3.28
U.S. 20-Year	13.5	4.11	---	3	3	-4	69	-0.33	-0.47	2.04	-6.41
U.S. 30-Year	17.7	3.91	---	1	5	-6	75	-0.03	-0.90	2.43	-10.88
UK 10-Year	8.0	4.27	---	-15	-11	61	213	1.23	1.12	-2.70	-2.70
Germany 10-Year	8.8	2.48	---	1	9	-8	123	0.00	0.81	0.81	0.81
Switzerland 10-Year	8.4	0.94		-4	2	-64	14	0.36	-0.12	6.49	0.53
Japan 10-Year	9.5	0.46	---	-1	7	5	22	0.09	-0.69	-0.69	-0.69
Australia 10-Year	8.7	3.95	---	-10	-7	-10	40	0.95	0.94	3.40	0.58
Canada 10-Year	8.5	3.50	---	15	23	20	38	-1.18	-1.74	-3.24	-3.24
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.9	3.81	49	0	-1	-3	-7	-0.47	1.22	2.67	0.36
Global Aggregate Hedged	6.9	3.81	49	0	-1	-3	-7	-0.05	0.15	3.12	0.25
U.S. Aggregate	6.5	4.80	50	1	1	-1	-1	-0.46	0.15	2.24	-0.99
Euro-Aggregate (Unhedged)	6.7	3.48	81	-1	-4	-7	-20	0.19	-0.02	2.23	-4.67
Japanese Aggregate	9.4	0.44	1	0	0	0	0	0.05	-0.69	2.05	-0.46
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	6.4	4.80	53	2	2	2	15	-0.61	0.11	1.98	-1.78
Global IG Corporate Bonds	6.3	5.22	135	-1	-4	-12	-28	-0.37	1.03	4.59	2.73
U.S. IG Corporate Bonds	7.4	5.47	123	0	0	-7	-21	-0.40	0.24	3.45	0.89
European IG Corporate	4.7	4.27	151	-1	-12	-17	-45	0.15	0.64	2.84	-1.20
U.S. High Yield Bonds	4.0	8.36	379	-5	-11	-89	-101	-0.20	0.96	6.39	6.49
European High Yield Bonds	3.3	7.92	445	-5	-11	-67	-156	0.03	0.61	5.44	6.18
U.S. Leveraged Loans	0.3	9.61	571	4	4	-58	-92	0.11	1.05	7.44	9.93
European Leveraged Loans	0.3	7.92	569	-24	-24	-156	-132	0.33	1.09	8.43	12.50
EM Hard Currency Sovs.	6.8	8.23	417	-8	-15	-35	-140	0.09	1.33	5.47	9.14
EM Corporates	4.2	7.31	337	-13	-6	-9	-91	0.22	0.71	4.38	7.36
EM Currencies	---	7.51	---	1	0	0	1	-0.66	1.46	5.47	10.54
EM Local Rates	5.0	6.29	6	0	0	-1	-1	0.11	0.51	4.87	7.78
CMBS	4.5	5.64	133	-2	-1	13	33	-0.46	0.43	1.64	-1.09
ABS	2.8	5.43	65	-4	-3	-11	-11	-0.22	0.40	2.15	1.97
CLOs	---	1.52	152	-4	-10	-33	-37	0.28	0.44	1.24	1.87
Municipal Bonds	5.9	3.42	---	-8	-8	-11	47	0.54	0.65	3.34	2.29

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	4,536	0.6	2.0	19.2	16.5
DAX	16,159	0.4	0.3	16.4	22.0
Stoxx 600	269	1.0	0.5	12.3	16.9
Nikkei 225	32,701	0.2	-2.1	25.9	20.0
Shanghai Comp.	3,164	-1.5	0.0	4.8	-1.3
MSCI ACWI	370	0.3	2.3	16.5	15.4
FTSE 100	7,646	2.8	1.6	4.8	9.1
MOVE Index	107	1.0	2.0	-7.2	-8.2
VIX Index	14	2.8	2.9	-35.4	-41.4

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.1	-0.9	2.0	4.0	9.3
USD/JPY	140.1	1.5	-2.9	6.8	1.3
GBP/USD	1.3	-2.0	1.3	6.5	7.5
EUR/CHF	1.0	0.1	-1.3	-2.5	-2.4
USD/CHF	0.9	0.9	-3.2	-6.2	-10.8
USD (DXY)	100.9	1.1	-2.0	-2.6	-5.8
Oil	77.0	-1.6	7.1	-5.8	-26.0
Gold	1969.5	0.5	2.6	8.0	16.1

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Sources: Bloomberg except EMD (J.P. Morgan), HY (ICE BofAML), Bank Loans (Credit Suisse), and CLOs (Palmer Square). European returns are unhedged in euros unless otherwise indicated. An investment cannot be made directly in an index

Source(s) of data (unless otherwise noted): PGIM Fixed Income as of July 2023

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European Investment Grade Corporate Bonds: Bloomberg Barclays European Corporate Bond Index (unhedged): The Bloomberg Barclays Euro-Aggregate: Corporates bond Index is a rules-based benchmark measuring investment grade, EUR denominated, fixed rate, and corporate only. Only bonds with a maturity of 1 year and above are eligible.

U.S. High Yield Bonds: ICE BofAML U.S. High Yield Index: The ICE BofAML U.S. High Yield Index covers US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, and at least one year remaining term to final maturity as of the rebalancing date.

European High Yield Bonds: ICE BofAML European Currency High Yield Index: This data represents the ICE BofAML Euro High Yield Index value, which tracks the performance of Euro denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch). Qualifying securities must have at least one year remaining term to maturity, a fixed coupon schedule, and a minimum amount outstanding of €100 M. ICE Data Indices, LLC, used with permission. ICE DATA INDICES, LLC IS LICENSING THE ICE DATA INDICES AND RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS,

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U.S. Senior Secured Loans: Credit Suisse Leveraged Loan Index: The Credit Suisse Leveraged Loan Index is a representative, unmanaged index of tradable, U.S. dollar denominated floating rate senior secured loans and is designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market. The Index return does not reflect the impact of principal repayments in the current month.

European Senior Secured Loans: Credit Suisse Western European Leveraged Loan Index: All Denominations EUR hedged. The Index is a representative, unmanaged index of tradable, floating rate senior secured loans designed to mirror the investable universe of the European leveraged loan market. The Index return does not reflect the impact of principal repayments in the current month.

Emerging Markets U.S.D Sovereign Debt: JP Morgan Emerging Markets Bond Index Global Diversified: The Emerging Markets Bond Index Global Diversified (EMBI Global) tracks total returns for U.S.D-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. To be deemed an emerging market by the EMBI Global Diversified Index, a country must be rated Baa1/BBB+ or below by Moody's/S&P rating agencies. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2021, J.P. Morgan Chase & Co. All rights reserved.

Emerging Markets Local Debt (unhedged): JPMorgan Government Bond Index-Emerging Markets Global Diversified Index: The Government Bond Index-Emerging Markets Global Diversified Index (GBI-EM Global) tracks total returns for local currency bonds issued by emerging market governments.

Emerging Markets Corporate Bonds: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified: The CEMBI tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

Emerging Markets Currencies: JP Morgan Emerging Local Markets Index Plus: The JP Morgan Emerging Local Markets Index Plus (JPM ELMI+) tracks total returns for local currency–denominated money market instruments.

Municipal Bonds: Bloomberg Barclays Municipal Bond Indices: The index covers the U.S.D-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The bonds must be fixed-rate or step ups, have a dated date after Dec. 13, 1990, and must be at least 1 year from their maturity date. Non-credit enhanced bonds (municipal debt without a guarantee) must be rated investment grade (Baa3/BBB-/BBB- or better) by the middle rating of Moody's, S&P, and Fitch.

U.S. Treasury Bonds: Bloomberg Barclays U.S. Treasury Bond Index: The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Mortgage Backed Securities: Bloomberg Barclays U.S. MBS - Agency Fixed Rate Index: The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Commercial Mortgage-Backed Securities: Bloomberg Barclays CMBS: ERISA Eligible Index: The index measures the performance of investment-grade commercial mortgage-backed securities, which are classes of securities that represent interests in pools of commercial mortgages. The index includes only CMBS that are Employee Retirement Income Security Act of 1974, which will deem ERISA eligible the certificates with the first priority of principal repayment, as long as certain conditions are met, including the requirement that the certificates be rated in one of the three highest rating categories by Fitch, Inc., Moody's Investors Services or Standard & Poor's.

Palmer Square AAA CLO DM Index represents the discount margin of CLO AAA rated tranches in the Palmer Square CLO Senior Index, which is designed to reflect the investable universe of U.S CLO senior original rated AAA and AA debt issued after Jan 1, 2011.

Global Aggregate Bond Index is a measure of global investment grade debt from twenty four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

U.S. Aggregate Bond Index: Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Index covers the U.S.D-denominated, investment-grade, fixed-rate or step up, taxable bond market of SEC-registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

Euro Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, euro-denominated, fixed rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

Japanese Aggregate Bond Index The Japanese Aggregate Index contains fixed-rate investment-grade securities denominated in Japanese yen and registered as domestic bonds. The index is composed primarily of local currency sovereign debt but also includes government-related, corporate, and securitized bonds.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over U.S.D 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately U.S.D 3.4 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation. The DAX has a base value of 1,000 as of December 31, 1987. As of June 18, 1999 only XETRA equity prices are used to calculate all DAX indices.

The STOXX 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region.

The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949.

Shanghai Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990.

MSCI ACWI is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. MXWD includes both emerging and developed world markets.

FTSE 100 is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

MOVE Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the CT2, CT5, CT10, and CT30. (weighted average of 1m2y, 1m5y, 1m10y and 1m30y Treasury implied vols with weights 0.2/0.2/0.4/0.2, respectively).

VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes.

Bloomberg Commodity Index Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The U.S. Dollar Index indicates the general international value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

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